Part 5

The Financial Case

Appendix 5A Appendix 5B Appendix 5C Appendix 5D	- -	OB Forms 1-4 Optimism Bias Assessment Capital Investment Plan District Valuer Letter
Appendix 5E Appendix 5E	-	Sensitivity Analysis using Treasury Model Unitary Charge as per Treasury Model
		based on £50.954m capital cost
Appendix 5G	-	RPI Sensitivity Analysis v Baseline Refreshed OBC
Appendix 5H	-	Swap Rate/Worst Case Sensitivity Analysis v Baseline Refreshed OBC

Appendix 5A

OB Forms 1-4

OUTLIN	E BUSINESS CASE	FOR PREFERRED OPTIO	N		COST FORM	OB1
TR	UST/ORGANISATION	: NHS Ayrshire & Arran		ORGANISATIONAL CODE:		
	SCHEME	: North Ayrshire Community	Hospital	DIRECTORATE:		
	STRATEGIC HA	:				
		: Option 2 - New Build at A	ACH and part Ailsa refur		1	
	PROJECT DIRECTOR	; John Scott				
CAPITAL	COSTS SUMMARY					
				Cost Excl.	VAT @ 20% (rebated	Cost Incl.
				VAT £	at 9a.) £	VAT £
1	(see Form OB2) C	urrie & Brown Cost Plan 3	1/10/11	41,243,024	8,248,605	49,491,628
2	On Costs (from Forn		1/10/11.	+1,2+3,02+	0,240,003	47,471,020
2	-			5 0 / 7 000	1 100 100	7 4 4 9 4 9 9
		Communications allowance	S	5,967,000		7,160,400
3	Works Cost Total	(1+2)		47,210,024	9,442,005	56,652,028
4	Inflation adjustment	ts from 2011/12 to 2014/1	(b)			
		(7% of Works Cost)	0.07	3,304,702	66,094	3,370,796
5	Sub Total (3+4)			50,514,725	9,508,099	60,022,824
6	Fees (see Form OB4	.) (c)			(d)	
		, , ,		5 065 468	xxxxxxxxxxx	5,065,468
7	Non Works Costs (fr	com Eorm EP(1) (a)		0,000,100		0,000,100
/	Non-Works Costs (fr	0111 F01111 FD4) (e)				
			LAND			
			OTHER	150,000	*****	150,000
8	Equipment Costs (fr	om Form OB2)				
				833,333	166,667	999,999
9	Optimism Bias		0.087	4,921,027	984,205	5,905,232
9a			Adjust for VAT rebate		-109,854	-109,854
10	TOTAL (for approva	l purposes) (5+6+7+8+9))	61,484,552	10,549,117	72,033,669
11	Adjust for "Impairm					-3,551,669
12	FORECAST OUTTUR					-3,331,007
12		N BUSINESS CASE		(4.404.550	10 5 10 117	(0, 100, 000
	TOTAL (10+11)			61,484,552	10,549,117	68,482,000
Pro	oosed start on site (g) 20 2013]	Proposed completion date (g)	3Q 2015	
110		202013	J	roposed completion date (g)	30 2015	
	Cash Flow:- Year		SOURCE		£	
	уу/уу	EFL	OTHER GOVERNMENT	PRIVATE	TOTAL	
	2009/201				2,356,000	
	2010/201				832,000 330,000	
	2011/2012 2012/2013				2,774,000	
	2013/201	4 23,517,000			23,517,000	
	2014/201				28,070,000	
	2015/2010	6 10,603,000		12 abova)	10,603,000	
			Total Cost (as	12 above)	68,482,000	
		T -1-			01/	
		Tota	i (for approval purpos	ses) match against Cashflow	OK	
Notes :						
* Delete	as appropriate					
(a) On-co	osts should be support	rted by a breakdown of the	e percentage or a brief d	lescription of their scope (form (OB3 may be used if appro	priate)
(b) Estim	ate of tender price in	nflation up to new start dat	e (from original 2011/12	BCIS TPI 3Q'14 = 2	48 : 3Q'12 = 232	
(c) Fees	include all resource c	osts associated with the so	cheme, excl legal fees.			
(d) Not a	pplicable to profession	onal fees - VAT reclaimable	EL (90) P64 refers			
(e) Non-	works costs should be	e supported by a breakdow	n & include such items	as contributions to statutory & lo	cal	
autho	orities ; land costs & a	associated legal fees				
(f) Assun	ned Non Value Adding	g Element of Capital Costs				
(g) Overa	all timescale including	g any preliminary works				
				1		
	Name (capitals			Authorised for issue		
					Project Director	
		Programme Director				
		S Brunston House				
		S Brunston House Ailsa Hospital				
		_S Brunston House Ailsa Hospital Dalmellington road		Data		31-Oct-11
	Addres	S Brunston House Ailsa Hospital Dalmellington road Ayr KA6 6AB		Date		31-Oct-11
	Addres	_S Brunston House Ailsa Hospital Dalmellington road		Date		31-Oct-11

OUTLINE BUSINESS CASE FOR PREFERRED OPTION

COST FORM OB2

TRUST/ORGANISATION: NHS Ayrshire & Arran

SCHEME: North Ayrshire Community Hospital PHASE: Option 2 - New Build at ACH and part Ailsa refurb PROJECT DIRECTOR: John Scott

CAPITAL COSTS: DEPARTMENTAL COSTS AND EQUIPMENT COSTS

Functional	Content	Functional Units/Space Requirements (1)	N/A/C (2)	Cost Allowance Version	Equipment Cost Version
NHS Accommodation S per Buchan Associates					
Cost Plan by Currie	<u>& Brown (31/10</u>	/11)			
New Build (nett GIFA):					
	2600 £/m2	14,333	Ν	37,265,800	833,333
Adapt "Horse-shoe"	Sum		A	977,615	nil
Refurbish Ailsa:	551.5 av £/m2	5,439	с	2,999,609	nil
NHS projects (see NHS was updated to curren In addition the constru with projects being co	vas assessed with h 5 Construction Cost t price level using F ction cost of £2,60 mpleted at present ently robust to be	nelp of previous data from Comparison spreadsheet), w BCIS indices (+ 7%). 10 / m2 compares favourably t within Frameworks Scotland achievable when subject to fu	 ,	of £2,395	
Departmental Costs an	d Equipment Costs	Carried Forward £		41,243,024	833,333

OUTLINE BUSINESS CASE FOR PREFERRED OPTION

COST FORM OB2 (CONT)

Functional Content	Functional Units/Space Requirements (1)	N/A/C (2)	Cost Allowance	Equipment Cost
Brought Forward			41,243,024	833,33
artmental Costs and Equipment	Costs Carried Ferward 6		41,243,024	833,3

CAPITAL COSTS : DEPARTMENTAL COSTS AND EQUIPMENT COSTS

COST FORM OB2 (CONT)

Cost a	llowances should be based on Departmental Cost Allowances where appropriate and include
allowa	nces for essential complementary accommodation and optional accommodation and services
where	details not available.
Identif	fy separately any proposed adjustment (over or under cost allowances) justifiable in value for
money	y terms (details to be provided).
*	Delete as appropriate
1.	State area and rate if departmental cost allowance not available.
2.	Insert:
	N for new build.
	A for adaptions for alternative use or
	C for upgrading existing building retaining current use.
3.	Insert relevant version number of HCI listing of Departmental Cost Allowances and
	Equipment Cost allowances.
4.	Provide details where appropriate.

Γ

-							
C	Completed by						
	Name (capitals)	JOHN SCOTT	Authorised for issue				
	Position	Programme Director		Pr	roject Director		
	Address	Brunston house					
		Ailsa Hospital					
		Dalmellington Road					
		Ayr KA6 6AB	Date		1	31-Oct-11	
	Telephone	01292 513021					

OUTLINE BUSINESS CASE FOR PREFERRED OPTION

COST FORM OFB3

TRUST/ORGANISATION	NHS Ayrshire & Arran
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SCHEME: North Ayrshire Community Hospital

PHASE: Option 2 - New Build at ACH and part Ailsa refurb

CAPITAL COSTS: ON COSTS

			Estimated	Percentage of
			Cost	Departmental
			(exc. VAT)	Cost
1	Communications	£	£	%
	a. Space			
	b. Lifts			
	(1,558 m2)	4,050,800	£4,050,800	
2	"External" Building Works (1)			
	a. Drainage (incl. in OB 2)			
	b. Roads, paths, parking (incl. in OB 2)			
	c. Site layout, walls, fencing, gates			
	d. Builders work for engineering			
	services outside buildings			
3	"External" Engineering Works (1) (see 4. below)			
	a. Steam, condensate, heating, hot			
	water and gas supply mains			
	b. Cold water mains and storage			
	c. Electricity mains, sub-stations,			
	stand-by generating plant			
	d. Calorifiers and associated plant			
	e. Miscellaneous services			
4	Auxiliary Buildings ENERGY CENTRE	1,916,200	1,916,200	
5	Other on-costs and abnormals (2) (incl. in OB 2)			
	a. Building			
	b. Engineering			
Total On-Costs	to Summary FB1		£ 5,967,000	

 Notes:
 Must be based on scheme specific assessments/measurements; attach details to define scope of works as appropriate.

 Identify separately any proposed additional capital expenditure justifiable in value for money terms (details to be provided).

 *
 Delete as appropriate.

 (1)
 "External" to Departments

 (2)
 Identify any enabling or preliminary works to prepare the site in advance e.g. demolitions; service diversions; decanting costs; site investigation and other exploratory works.

Completed by		
Name (capitals)	JOHN SCOTT	Authorised for issue
Position	Programme Director	Project Director
Address	Brunston House	
	Ailsa Hospital	
	Dalmellington road	
	Ayr KA6 6AB	Date 31-Oct-11
Telephone	01292 513021	

OUTLINE BUSINESS CASE FOR PREFERRED OPTION

TRUST/ORGANISATION: NHS Ayrshire & Arran

SCHEME: North Ayrshire Community Hospital

PHASE: Option 2 - New Build at ACH and part Ailsa refurb

CAPITAL COSTS: FEES AND NON-WORKS COSTS

			£	Percentage of Works Cost %
1	Fees (including "in-house" reso	urce costs)		
	a. Architects			
	b. Structural Engineers			
	c. Mechanical Engineers			
	d. Electrical Engineers			
	e. Quantity Surveyors			
	f. Project Management			
	g. Site Supervision			
	h. CDM Co-ordinator			
		a-h included in sums below:		
		New Build	4,256,768	
		Adapt ACH	117,314	
		Refurb Ailsa	360,000	
	7%	add inflation to 2014	331,386	
	Total Fees to Summary (OB1)		£ 5,065,468	

		£
2	Non-Works Costs	
	a. Land purchase costs and associated legal fees	
	b. Statutory and Local Authority charges (MISCELLANEOUS)	150,000
	c. Other (specify)	
1	e.g. art works	
	Non-Works Costs to Summary (OB1)	£150,000

Notes:

* Delete as appropriate.

Completed by				
Name (capitals)	ЈОНИ SCOTT	Authorised for issue		
Position	Programme Director		Project Director	
Address	Brunston House			
	Ailsa Hospital			
	Dalmellington road			
	Ayr KA6 6AB	Date		31-Oct-11
Telephone	01292 513021			

NHS Construction Cost Comparison 24th March 2009

All costs uplifted to IQ09

HISTORICAL DATA:

Ĩ		ACAD 1		ACAD 2		Comm Hosp 1		Comm Hosp 2	Co	omplex Needs 1	м	edium Secure 1		Comm Hosp 3		Comm Hosp 4
		£99,234,620.00		£78,512,460.00		£26,407,000.00		£17,600,150.00		£16,870,290.00		£16,054,090.00		£15,800,000.00		£14,886,190.00
	2Q06 231 1Q09 242 4.76%		2Q06 231 1Q09 242 4.76%		3Q08 254 1Q09 242 -4.72%		4Q06 232 1Q09 242 4.31%	£758,627.16	4Q06 232 1Q09 242 4.31%		1Q06 228 1Q09 242 6.14%		3Q08 254 1Q09 242 -4.72%	-£746,456.69	2Q09 261 1Q09 242 -7.28%	-£1,083,669.00
	-	£103,960,078.10	-	£82,251,148.57	-	£25,159,425.20	-	£18,358,777.16	-	£17,597,457.67	-	£17,039,867.46	-	£15,053,543.31	-	£13,802,521.00
GFA	(m2)	41,500	(m2)	27,835	(m2)	10,697	(m2)	9,057	(m2)	8,455	(m2)	6,022	(m2)	6,800	(m2)	6,300
	£/m2 GFA f	2,505.06	£/m2 GFA £	2,954.95	£/m2 GFA	£2,352.01	£/m2 GFA f	2,027.03	£/m2 GFA f	£2,081.31	£/m2 GFA	£2,829.60	£/m2 GFA	£2,213.76	£/m2 GFA f	2,190.88

Appendix 5B

Optimism Bias Assessment

NHS Ayrshire & Arran OBC

Scheme name: North Ayrshire Community Hospital

Optimism Bias Assessment

Step 1 Calculate Upper bound

- Go To Upper Bound Calc
- Step 2 Assess the level of mitigation <u>Go To Mitigation</u>
- Step 3 Compute residual optimism bias

	Preferred Option - Financial case
Build Complexity	6.0%
Location	10.0%
Scope of Scheme	3.0%
Extent of Service Changes	10.0%
Gateway RPA Category	2.0%
Upper Bound	31.0%
Mitigation Factor	28.0%
Residual Optimism Bias	8.68%

-

Scheme name: North Ayrshire Community Hospital

Optimism Bias - Upper Bound Calculation for Build

Lowest % Upper Bound	13%
Mid %	40%
Upper %	80%
Actual % Upper Bound for this project	31%

Choose 1 category		<u> </u>	
Length of Build	< 2 years		0.50% (
	2 to 4 years	х	2.00%
	Over 4 years		5.00%
Choose 1 category			
Number of phases	1 or 2 Phases		0.50%
	3 or 4 Phases	х	2.00%
	More than 4 Phases		5.00%
Choose 1 Category			
Number of sites involved	Single site*		2.00%
(i.e. before and after	2 Site	х	2.00%
change)	More than 2 site		5.00%
Location	uild is on same site as existir	.9	
Choose 1 Category New site - Green field	New build	-	3% (
	New Build		8%
New site - Brown Field	New Build		
	New Build New Build <i>or</i>		
New site - Brown Field	New Build		5%
New site - Brown Field Existing site	New Build or		5%
New site - Brown Field Existing site Existing site	New Build <u>or</u> Less than 15% refurb	X	8% (5% (6% (10% (

Scope of scheme				
Choose 1 category		х		
Facilities Management	Hard FM only or no FM	Х	0.00%	0
	Hard and soft FM		2.00%	
Choose 1 category			0	
Equipment	Group 1 & 2 only	х	0.50%	0
	major Medical equipment		1.50% <mark>0</mark>	
	All equipment included		5.00% <mark>0</mark>	
Choose 1 category				
IT	No IT implications		0.00% 0	
	Infrastructure	Х	1.50%	1
	Infrastructure & systems		5.00% 0	
Choose more than 1 ca External Stakeholders	1 or 2 local NHS organisations	Х	1.00%	1
	3 or more NHS organisations		4.00% <mark>0</mark>	
	Universities/Private/Voluntary sector/Local government		8.00% <mark>0</mark>	
Service changes - rela Choose 1 category	ites to service delivery e.g NSF's			
Stable environment, i.e.	<u> </u>		5% <mark>0</mark>	
Identified changes not c		Х	10%	10
Longer time frame servi			20% 0	

Choose 1 categor	y		
RPA Score	Low		0% <mark>0</mark>
	Medium	х	2%
	High		5% <mark>0</mark>

Scheme name:

North Ayrshire Community Hospital

Contributory Factor to Upper	% Factor	% Factor	Explanation for rate of mitigation
Bound	Contributes	Contributes after mitigation	
Progress with Planning Approval	4	1	Planning will be have officers recommendation achieved for FBC submission to Board and full by submission to CIG.
Other Regulatory	4	2	Regulations will be taken account of in the developed solution but some issues may new regulations may be applied during the development of the scheme. Building Warrants first two stages will be approved. Fire, HSE, Transport Local Government Historic Scotland are all in hand.
Depth of surveying of site/ground information	3	0	Full survey information will be available at approval of the FBC
Detail of design	4	2	Clinical design will be complete at agreement of Target Cost. Technical design concepts will be fixed but some details design will remain to be undertaken
Innovative project/design (i.e. has this type of project/design been undertaken before)	3	1	Project is not particularly innovative. Lessons have been learnt from a number of other similar schemes
Design complexity	4	1	Design is not particularly complex
Likely variations from Standard Contract	2	0	Contract will be standard Government document.
Design Team capabilities	3	1	Design team is experienced in this type of project
Contractors' capabilities (excluding design team covered above)	2	1	Contractor is experienced in this type of project
Contractor Involvement	2	0	Will be subject to engagement within NPD along with competitive dialogue.
Client capability and capacity (NB do not double count with design team capabilities)	6	3	Client has experience of developing schemes and has experienced advisors
Robustness of Output Specification	25	7	Output specification is signed off by Health Board and User Groups following detailed consultation
Involvement of Stakeholders, including Public and Patient Involvement	5	1	Stakeholders are involved in the scheme. Includes UCI etc.
Agreement to output specification by stakeholders	5	2	Stakeholders have signed off the output specification. Includes workstream meeting involvement.
New service or traditional	3	1	Reprovision of current service in new building
Local community consent	3	0	Local community support of the scheme, open days held.
Stable policy environment	20	5	Policy is fixed
Likely competition in the market for the project	2	0	In discussion with SFT the industry will be very keen to bid for this work.
TOTAL	100	28	

Note: Across all contributory factors, mitigation would be expected to be greater the greater the extent of risk quantification and risk management.

Page 3 of 3

Appendix 5C

Capital Investment Plan

NACH OBC REFRESH - TRADITIONAL PUBLIC CAPITAL PROCUREMENT

CAPITAL INVESTMENT PLAN (incorporating building for better care / nach including mental health priorities + funding contributions from sehd and outcome from half year review of slippage in 2011/12)

PER CAPITAL PLAN APPROVED BY NHS BOARD AT MEETING ON 23 MARCH 2011 (LDP approved by SGHD end of March 2011)

with all approved adjustments to allocations as per control total to month 7 2011/12 **Prior**

	5							
	Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Grand
	06/10	10/11	11/12	12/13	13/14	14/15	15/16	Total
	Actual	Actual	Projected	Estimate	Estimate	Estimate	Estimate	Plan
	£000	£000	£000	£000	£000	£000	£000	£000
A. FUNDING SOURCES								
Core Capital Allocation	21,783	22,114	5,524	5,524	5,524	5,524	5,524	49,734
Adjustment for assumed capital receipts		(1,216)	(232)					(1,448)
Brokerage 06/07 d'down defer to 08/09	3,203	ı	'	ı	T	ł	1	0
Brokerage 07/08 d'down in 09/10&10/11	3,462	1,250	1	ı	•	ı	t	1,250
Brokerage from 10/11to11/12(PCCPMP)		(5,965)	5,965	0	E	ı	ı	0
Brokerage from 11/12 to12/13(PCCPMP)			(1,847)	1,847				0
Brokeragefrom10/11to12/13&13/14(Gen)		(4,000)		1,260	2,740			0
Brokerage add reg from 11/12 to 12/13			(2,598)	5,598	1			0
Revenue To Capital Transfer	396	270	500	•	F	ı	•	770
EARMARKED ALLOCATIONS:-								0
EME Supplementary Allocation	2,207	2,207	I	1	1	ı	ı	2,207
PCCPMP Fund 08/09 (North Ayr)	ı	1,453	ı	•	•	I	ı	1,453
PCCPMP Fund 08/09 (Patna)	2,600	•	ı	I	1	1	•	0
PCCPMP Fund 09/10	1,000	5,970	I	ł	·	I	·	5,970
NSD Contribution to Breast Screen Ext.	983	T	1	τ	I	I	I	O
NSD Contribution to Cochlear Equip	46	ł	•	ı	t	1	ı	0
Central Energy Efficiency Fund (CEEF)	Ţ	500	١_	٩,	ł	1	ı	500
Decontamination units replacement	94	1	T	1	I	I	1	0
eHealth alloc from SGHD - infrastructure	161	740						740
eHealth allocNHSGG&C - infrastructure		406						406
eHealth alloc Prison Healthcare		47						47
LTC - SPARRA Patient Alerts		6	100					110
Pandemic Flu alloc for ICU ventilators	57							0
UK GAAP adjustment for PFI (AMU)		(252)						(252)
Capital Grants recharged to revenue		(571)	(229)					(800)

ETB Charges - allocation from SGHD	155	t	ı	ŧ	ı	;	ĩ	0
SGHD Capital Contribution to BFBC	t	ł	r	t	11 001	8 000	10 420	30 250
SGHD Capital Contribution to NACH New Build	T	ı	1	1	15,695	0,020 26.789	8.470	50.954
SGHD Capital Contribution to NACH Refurbishment					2.370	2,977	616 616	5.963
Contribution towards new Quarrier's unit	•	•	1	(300)	1	1		(300)
				(2,625)	(6,700)			(9,325)
I 0 I AL CAPITAL RESOURCES	36,147	22,963	4,183	11,304	30,630	44,210	25,039	138,329
<u>B. PLANNED CAPITAL EXPENDITURE</u>								
1. Formula Allocations	7.150	7 150	1 682	1 682	1 687	1 687	1 680	200 200 200
Form alloc adjust's applied from 08/09	(2.23)	· ·		400. -	400'i	4 ' 700'-	, oo, '	
Form alloc adjustments applied 09/10	2,998	100					1	001
EME b/f from10/11to 09/10-RevTo Cap	258	(258)						(258)
ACH Pavilions 10 / 11 refurbishment		258						258
Infrastructure Replacement (XH elect)	ŀ	700	ł	•	1	ı	·	2002
Rev To Capital Transfer 11.12(EME)			500					500
Application of formula contingency		(242)						(242)
Form alloc year end u/s in 10/11)		(88)						(88)
Sub-Total Formula Allocation	8,183	7,620	2,182	1,682	1,682	1.682	1.682	16.530
2. Earmarked Allocations					•			
Community Projects(inc Dental):-								
Patna	1,707	ı	ı	t	ł	1	•	0
Prim Care Store /Dental Man, Ailsa	860	ı	ł	i	I	•	,	
Medical Centre, Lamlash, Arran	187	2	1	·	•	,	ı	0
Crosshouse Resource Centre	89	·	ı	•	t	ı	ı	0
North Ayr Neigh Services Centre	ł	•	'	ı	ł	ı		0
EACH - Dental Services (internal)	203	591	0	I	1	,	ı	591
EACH - Reinstatement Works			377					377
Dental Cumnock&surrounding area			0	1,500				1,500
AyrResCentre(Dam Park/Miller Rd)	ı	4,338	ı	ſ	1	ı	ı	4,338
AyrDentalCent(DamPark/MillerRd)	I	2,220	1	•	t	1	1	2,220
AyrDentalCent(u/s on allocation)		(52)						(52)
Trans alloc ADC to Decont Grants			(800)					(800)
Trans alloc ARC to EACH in 11/12			0					` O
Slipp ARC & ADC 10/11 to 11/12	·	(6,458)	6,458	1	•	•	ŧ	0
Slipp ARC & ADC 11/12 to 12/13			(5,358)	5,358				0
Decontamination uits replacement	94	ŧ	I	1	•	r	1	0
Dental Decontamination Grants GDPs		571	229					800
Ophthalmic Services Equip cap grants	66	•	ı	•	,	ı	ı	0
Additional EME Earmarked Allocation	2,207	2,207	ı	1	I	T	ı	2,207
IM&T Demonstrator Proj-Patient Portal	100	ŧ	ı	F	1	,	1	0
eHealth alloc from SGHD-infrastructure	161	740						740
eHealth alloc NHSGG&C -infrastructure		406						406

47	-	0	0 1	•	120	159	(2)	150	28	50	750	944	176	40	236	120	450	70	80	(75)	1	0 0 15,775		750	•	•	•	•	0	0	- 1,194	717	238	150	65	800	600	250	- 200	D D A DEA
			•	•																	1	0		ı	ı	F	t	ł			•								ı	c
	ı		ı	ı																	1	6,858		1	ł	ı	·	ı			1,194					470	530	I	ŧ	
100	2		1	t								350			130			70	80		t	1,636		I	I	ŧ	ı	ı								330	20	250	•	
47 10	2 1		ł	ı	120	159	E	150	28	50	750	594	176	40	106	120	450			(75)	1	7,281		750	•	I	ł	Ŧ				717	238	150	65				200	
	961	57	140	22																1	46	6,900		750	9	10,796	114	93	385	49		528							t	
eHealth alloc Prison Healthcare I TC - SPARRA Patient Alerts	Ayr Endoscopy Unit improvements	Pandemic Flu - ventilators for ICU	ETB Charges From NSS	Rev To Cap - Labs Safety / PACS	Rev To Cap-Blood Born VirusClinic(XH)	Supp-BoodBorneVirusClinic / Day Cent	BloodBorneVirus-underspend on alloc	ACH Pavilions 10 / 11-top up to alloc	ACH Pavilions 1 / 2 remedial work	Biggart Anderson Ward to Ayr	Crosshouse Ward Remedial Works	Storage Accommodation	Estates - top up for backlog maint	Girvan - rectification works	Ayr Pharmacy Robot-build alterations	Crosshouse MRI Room Alterations	CrosshouseWard Remedial Works(2C)	Arrol Park - Staff House 8 (CLDT)	Ailsa - Ballantrae Ward (CMHT)	CrosshouseWardRemedialWorks(U/S)	NSD Approval Cochlear Equip	Sub-Total Earmarked Allocations	3. Prioritisation Process - Must Do	Clinical Systems Procurement	Brooksby Medical & Resource Centre	Girvan Community Hospital	Holmhead demolition costs	Catering shared Service	Crosshouse Pathology Facilities	Acute Medicine Enabling	Renal Strategy Review	ADOC Admin / NHS 24 Call Centre	Road Traffic Imp - Ayr traffic lights	Top-uptoMH ph1(cap to save on rev)	Mental HealthPhase1-o/s on alloc10/11	Road Changes C'house(HSE Imp Not)	Ward Refurb Prog (Renal 2F C'house)	Dermatology (Ward changes Chouse)	Care of Elderly Reconfiguration(Kilm'k)	

			18,556+199+17,875 +199 =£36.829m	(orig £35.829m+£1m for inflation from delay)											5,762 + 201 = £5.963m	£1.000m	£68.482m													
0 18,556	18,556	17,875	••••	⊂α1 ↔ 'Ε		(55)	208		187	0	0	0	0	59,364 £	5,762 £		4,667	20	434	81	3,292	74,960		(4,098)	(800)	2,741	0	1,840	(317)	148,343
4,482	4,482	4,086	4,086			ı	ı	ı	ı	ı	1	ı	1	9,508	95	1,000	•				3,292	13,895		·		146	•	248	394	24,539
6,205	6,205	7,123	7,123			ł	1	1	•	I	ı	ı	ı	25,171	2,899		1					28,070		t		126	r	248	374	43,454
6140	6,140	4,967	4,967			ı	t	L	r	ı	ı	r	ı	21,069	2,448		t		176			23,693		·		1	'	248	248	36,730
1,254	1,254	1,254	1,254			1	•	ı	•	ł		ı	ł	2,553	221		1		133			2,907		(300)			ĩ	248	(52)	16,097
o	0	0	o			(55)	,	£		I	•	ł		302	28		t		65	25		365		(200)	(229)	1	ı	248	(481)	4,352
475	475	445	445				208	' f 7	101	1	1	t	1	761	71		4,667	20	60	56		6,030		(3,298)	(571)	2,469	1	600	(800)	23,171
199	199	199	199			2,450	785	1,016	700	233	269	1,495	324	2,155	201		627					10,057		(3,604)		773	22	800	(2,209)	36,135
<u>4. Building For Better Care (BFBC)</u> a. Crosshouse Site - Front Door A&E / Com Ass Unit / Critical Care	SubTotal Crosshouse Site Priorities	b. Ayr Hospital Site - Front Door A&E / Comb Ass Unit / Critical Care	Sub Total Ayr Hospital Site Priorities	5. Other Key Board Priorities	North Ayrshire Community Hospital (NACH)		Extension / Kerurbishment to OPD	HOUSESHOE RELATIONENT	EXI. IV DICASE OUCCUINING UNIT Breast Screening Environment		Dental Surgery (4 additional surg)	Sexual Health / GUM Hub	Enabling Work - new utilities cable	NACH NewBuild (Com Hosp+MH)	NACH Refurbishment (ACH+Ailsa)	NACH Equipment	CDU New Build (TSSU)	Girvan Health Centre Disp - site survey	Fees associated with asset sales	Fees for Estate Strategy Review	Other priority developments in 2015/16	Sub-Total Other Board Priorities	<u>6. Other Elements:-</u>	Non-Value Adding - recharge to rev	Capital Grants - recharge to rev	Capital to Save on Revenue Alloc	Revenue To Capital Allocation	Grouped equipment	Sub-Total Other Elements	Total Planned Expenditure

Less:Receipts for Asset Sales(sch. att.)	ı	(208)	(157)	(5,105)	(6,700)	ı	1	(12,170)
Less: Overcommitment(assumedslippage)	0	•	(12)	ł	ſ	I	ı	(12)
Add:Overcommitment (shortfall prior year)	12	0	ł	5	r	ı	•	4
Contingency/Balance Available	Ŧ	ł	•	300	600	756	500	2,156
Total Planned Expenditure Net of Sales	36,147	22,963	4,183	11,304	30,630	44,210	25,039	138,329

DEFICIT / (SURPLUS)

Note - North Ayr Primary Care Neighbourhood Services project terminated following withdrawal by South Ayrshire Council.

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(after reinstating £0.570m originally to be applied in favour of EACH Dental in 11/12) from Board funding, is to be applied in favour of planned Ayr Community Health / Out Patient £1.368m for Dental Improvements in the Ayr area (£2.220m less £0.8m applied for Dental Decontamination Grants and a £0.052m underspend in 10/11), along with £0.808m £1.310m PCCPMP funding from this project (£1.453m less £143k fees incurred), together with £2.220m for Ardrossan Resource Centre (being effected by 3rd party route), project to give a total allocation of £5.706m for the six main elements subject to individual business cases.

The assumed cost of £227k non value adding expenditure for the NHS Board share of reinstatement work has also been written off to revenue. Capital funding for these costs met out of the £2.530m PCCPMP allocation from SGHD leaving a balance of £1.5m from the PCCPMP allocation for other Dental Improvements in Cumnock & surrounding area and additional provision has been made for up to £150k value adding elements in the reinstatement work. The £570k internal funding transfer from the Ayr Community written off as abortive costs to revenue account after adjusting for £150k value adding costs for permanent work effected (car park, door widening and floor improvements). Note- Planned EACH Dental Variation aborted in August 2011. Capital costs totalling £794k (09/10 £203k, 10/11 £591k) incurred as Work In Progress (WIP) has been Health / Out Patient project in favour of the EACH Dental project as part of the £3.1m total allocation, has been returned to the Ayr project.

	S FROM ASSET DISPOSAL PROGRAMME
NHS AYRSHIRE AND ARRAN	PROJECTED CAPITAL RECEIPTS F

				;	;	;	
	Frior rear	rearu	Year 1	Year 2	Year 3	Year 4	Year 5
	09/10	10/11	11/12	12/13	13/14	14/15	15/16
	Actual 5000	Actual	Projected	Estimate	Estimate	Estimate	Estimate
	0007	2007	0007	0002	2000	2,000	2000
Approved Disposals General							
Mossblown Clinic (*)	ı		75	T	1	•	t
Whitletts Clinic, Ayr (*)	ı	43	. E	3	ı	ł	1
Darvel Health Centre (*)	'		8	I	1	1	
Wellington Chambers Avr (*)		75	1	I	I	t	1
Monthum Dood Olinio Lorae (*)	•	2 2	1	ı	ł	1	•
	1	0 P	t	1	•	T	ł
Sub-Total	0	208	157	0	0	0	0
Estate Rationalisation (NACH Business Case)							
Davidson Cottage Hospital, Girvan(*)				200			
Girvan Health Centre(*)				50			
Former Patna Clinic(*)				50			
Former Crosshouse Clinic(*)				50			
Former Seafield Hospital(*)				3	1 500		
Ayrshire Central Surplus Land(*)					000 ¥		
Former Holmhead Hospital(*)				800			
Westmount				375			
Nightingale House	,	1	ı) † 1	200	I	1
Strathdoon Clinic	t	ı	ſ	600) ") 1	,	. 1
Hartfield House				500			I
Sub-Total	0	0	0	2,625	6700	0	0
Other Proposed Estate Rationalisation (Ayr CH/OPD Business Case)							
Strathlea				006			
Heathfield Store				300			
Heathfield House				200			
Heathfield Clinic				200			
Miller Road Clinic, Ayr				500			
Boyd Street Clinic, Prestwick				8			
Sub-Total	O	0	0	2,480	0	0	0
GBAND TOTAL CABITAL BECEIDTS		000	[•	
	•	208	157	5,105	6,700	0	0
" Approved For Disposal							

NACH OBC REFRESH - NPD PROCUREMENT

NHS AYRSHIRE AND ARRAN

CAPITAL INVESTMENT PLAN (INCORPORATING BUILDING FOR BETTER CARE / NACH INCLUDING MENTAL HEALTH PRIORITIES + FUNDING CONTRIBUTIONS FROM SGHD AND OUTCOME FROM HALF YEAR REVIEW OF SLIPPAGE IN 2011/12)

PER CAPITAL PLAN APPROVED BY NHS BOARD AT MEETING ON 23 MARCH 2011 (LDP approved by SGHD end of March 2011)

with all approved adjustments to allocations as per control total to month 7 2011/12 Prior

	Prior							
	Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Grand
	03/10	10/11	11/12	12/13	13/14	14/15	15/16	Total
	Actual	Actual	Projected	Estimate	Estimate	Estimate	Estimate	Plan
	£000	£000	£000	£000	£000	£000	£000	FUND
A. FUNDING SOURCES								
Core Capital Allocation	21,783	22,114	5,524	5,524	5,524	5.524	5.524	49 734
Adjustment for assumed capital receipts		(1,216)	(232)		-			(1 448)
Brokerage 06/07 d'down defer to 08/09	3,203	- F		ı	1	1	ı	
Brokerage 07/08 d'down in 09/10&10/11	3,462	1,250	J	1	1	ı	1	1 250
Brokerage from 10/11to11/12(PCCPMP)	•	(5,965)	5,965	0	•	•	,	
Brokerage from 11/12 to12/13(PCCPMP)			(1,847)	1.847				
Brokeragefrom10/11to12/13&13/14(Gen)		(4,000)		2,460	1.540) C
Brokerage add req from 11/12 to 12/13			(2,598)	5,598) C
Revenue To Capital Transfer	396	270	500	•	•	•		022
EARMARKED ALLOCATIONS:-								C
EME Supplementary Allocation	2,207	2,207	ı	•	'	ı	,	2 207
PCCPMP Fund 08/09 (North Ayr)	1	1,453	,	٠	•	ı	ı	1453
PCCPMP Fund 08/09 (Patna)	2,600	•	r	ł	ı	1	ı	2 C
PCCPMP Fund 09/10	1,000	5,970	ı	'	•	•	·	5.970
NSD Contribution to Breast Screen Ext.	983	1	1	ſ	ı	I	•	
NSD Contribution to Cochlear Equip	46	'	ı		•	F	I	
Central Energy Efficiency Fund (CEEF)	ł	500	1_	٩.	1	1	·	500
Decontamination units replacement	94	1	3	1	1	ı		0
eHealth alloc from SGHD - infrastructure	161	740						740
eHealth allocNHSGG&C - infrastructure		406						406
eHealth alloc Prison Healthcare		47						47
LTC - SPARRA Patient Alerts		10	100					110
Pandemic Flu alloc for ICU ventilators	57							0
UK GAAP adjustment for PFI (AMU)		(252)						(252)
Capital Grants recharged to revenue		(571)	(229)					(800)

ETB Charges - allocation from SGHD SGHD Capital Contribution to BFBC SGHD Capital Contribution to NACH New Build	155 -	8 I I	4 1 L	1 1 1	- 6,827 -	- 10,763 -	- 12,760 -	0 30,350 0
SGHD Capital Contribution to NACH Refurbishment Contribution towards new Quarrier'sunit Reduction in CRL - Planned Capital Receipts NACH		ı	ı	(300) (2,625)	2,370 - (6,700)	2,752 -	841	5,963 (300) (9,325)
TOTAL CAPITAL RESOURCES	36,147	22,963	4,183	12,504	9,561	19,039	19,125	87,375
B. PLANNED CAPITAL EXPENDITURE								
1. Formula Allocations	7,150	7,150	1,682	1,682	1,682	1,682	1,682	15,560 ໂ
Form alloc adjust's applied from 08/09	(2,223) 2 008	' C	•	t	1	•	t	0 001
EME b/f from10/11to 09/10-RevTo Cap	258	(258)						(258)
ACH Pavilions 10 / 11 refurbishment		258						258
Infrastructure Replacement (XH elect)	ı	700	•	1	ı	ı	•	700
Rev To Capital Transfer 11.12(EME)			500					500
Application of formula contingency		(242)						(242)
Form alloc year end u/s in 10/11)		(88)						(88)
Sub-Total Formula Allocation	8,183	7,620	2,182	1,682	1,682	1,682	1,682	16,530
2. Earmarked Allocations								
Community Projects(inc Dental):-								
Patna	1,707	ı	ŧ	1	•	1	ı	0
Prim Care Store /Dental Man, Ailsa	860	ł	ı	ſ	1	ı	3	0
Medical Centre, Lamlash, Arran	187	•	ı	1	•	ŧ	•	0
Crosshouse Resource Centre	68	•	I	ı	2	ı	1	0
North Ayr Neigh Services Centre	ſ	t	ı	ŧ	•	8	I	0
EACH - Dental Services (internal)	203	591	0	ı	•	1	•	591
EACH - Reinstatement Works			377					377
Dental Cumnock&surrounding area			0	1,500				1,500
AyrResCentre(Dam Park/Miller Rd)	t	4,338	t	ı	ł	ı	ŧ	4,338
AyrDentalCent(DamPark/MillerRd)	ı	2,220	1	ı	3		1	2,220
AyrDentalCent(u/s on allocation)		(52)						(52)
Trans alloc ADC to Decont Grants			(800)					(800)
Trans alloc ARC to EACH in 11/12			0					0
Slipp ARC & ADC 10/11 to 11/12	ı	(6,458)	6,458	t	I	t	ı	0
Slipp ARC & ADC 11/12 to 12/13			(5,358)	5,358				0
Decontamination uits replacement	94	1	ı	1	t	ı	t	0
Dental Decontamination Grants GDPs		571	229					800
Ophthalmic Services Equip cap grants	99	ı	ı	I	1	t	I	0
Additional EME Earmarked Allocation	2,207	2,207	I	ı	•	ı	ł	2,207
IM&T Demonstrator Proj-Patient Portal	100	1	ı	•	1	'	ı	0
eHealth alloc from SGHD-infrastructure	161	740						740

406 47 0110 0	28 55 (J) 55 0 0 0 28 55 (J) 55 0 0 0	50 750 44 70 70 80 70 0 0 0	15,775 750 750 0 1,194 717 717 717 717 238 800 65 800 650 800 65 800 65 800 800 800 800 800 800 800 800 800 80
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ł	1 1	ı	
ı	1 1		
•		ı	6,858 6,858 1,194 7,194 7,194 2,194
100	t 1	350 130 80	1,636 1,636 330 250 650
406 47 10	7 (1) 150 (1)	750 594 176 40 120 450 (75)	7,281 7,50 750 717 717 717 238 150 65 65 65 65 2,120
961 57	64 22	, ð	6,900 6,900 750 91 114 385 385 49 49 528 528 528 528
eHealth alloc NHSGG&C -infrastructure eHealth alloc Prison Healthcare L.TC - SPARRA Patient Alerts Ayr Endoscopy Unit improvements Pandemic Flu - ventilators for ICU	ETB Charges From NSS Rev To Cap - Labs Safety / PACS Rev To Cap-Blood Born VirusClinic(XH) Supp-BoodBorneVirusClinic / Day Cent BloodBorneVirus-underspend on alloc ACH Pavilions 10 / 11-top up to alloc ACH Pavilions 1 / 2 remedial work Biodart Anderson Ward to Avr	Crosshouse Ward Remedial Works Storage Accommodation Estates - top up for backlog maint Girvan - rectification works Ayr Pharmacy Robot-build alterations Crosshouse MRI Room Alterations CrosshouseWard Remedial Works(2C) Arrol Park - Staff House 8 (CLDT) Ailsa - Ballantrae Ward (CMHT) CrosshouseWardRemedialWorks(U/S) NSD Approval Cochlear Equip	Sub-Total Earmarked Allocations Sub-Total Earmarked Allocations 3. Prioritisation Process - Must Do Clinical Systems Procurement Brooksby Medical & Resource Centre Girvan Community Hospital Holmhead demolition costs Catering shared Service Crosshouse Pathology Facilities Acute Medicine Enabling Renal Strategy Review ADOC Admin / NHS 24 Call Centre Road Traffic lmp - Ayr traffic lights Top-uptoMH ph1(cap to save on rev) Mental HealthPhase1-o/s on alloc10/11 Road Changes C'house(HSE Imp Not) Ward Refurb Prog (Renal 2F C'house) Dermatology (Ward changes C'house) Care of Elderly Reconfiguration(Kilm'k) Sub-Total Prioritisation Process

 Building For Better Care (BFBC) Crosshouse Site - Front Door A&E / Com Ass Unit / Critical Care 	199	475	0	1,254	6140	6,205	4,482	0 18.556	
SubTotal Crosshouse Site Priorities	199	475	0	1,254	6,140	6,205	4,482	18,556	
b. Ayr Hospital Site - Front Door A&E / Comb Ass Unit / Critical Care	199	445	٥	1.254	4,967	7,123	4,086	17,875	
Sub Total Ayr Hospital Site Priorities	199	445	o	1,254	4,967	7,123	4,086	17,875	18,556+199 +17,875+199 =£36.829m (orig
5. Other Kev Board Priorities									±55.025m +£1m for inflation from delay)
North Ayrshire Community Hospital (NACH) Kitchen & Dining room	2 450		(5E)		1	I			
Extension / Refurbishment to OPD	785	208	() }				t 1	208	
Horseshoe Refurbishment	1,016	t	Ŧ	•	•	Ŧ		0	
Ext. to Breast Screening Unit	502	187	ı	•	•	ł	•	187	
Breast Screening Equipment	233		E	ŧ	•	•	ı	0	
Dental Surgery (4 additional surg)	269	ł	1	•	t	3	·	0	
Sexual Health / GUM Hub	1,495	ı	ı	•	Ŧ	•	ı	0	
Enabling Work - new utilities cable	324	ı	,	1	ı	ı	ł	0	
NACH NewBuild (Com Hosp+MH)	2,155	761	302	3,753	ł	I	ı	4,816	Fees 4.816 + 2,155 = £6.971m Refurb 5.762
NACH Refurbishment (ACH+Ailsa)	201	71	28	221	2,448	2,899	95	5,762	+ 201 = £5.963m Equipment
NACH Equipment							1,000	1,000	£1.000m Total
CDU New Build (TSSU) Givan Health Centre Disp - site survey	627	4,667 20	1	ı	ł	I	t	4,667	£13.934m
Fees associated with asset sales		80	65	133	176			434 434	
Fees for Estate Strategy Review Other priority developments in 2015/16		56	25				6,886	81 6.886	
Sub-Total Other Board Priorities	10,057	6,030	365	4,107	2,624	2,899	7,981	24,006	

6. Other Elements:-								
Non-Value Adding - recharge to rev	(3,604)	(3,298)	(200)	(300)	ı	ł		(4,098)
Capital Grants - recharge to rev		(571)	(229)					(800)
Capital to Save on Revenue Alloc	773	2,469	ı	ı	1	126	146	2,741
Revenue To Capital Allocation	22	ı	1	ŧ	I	ł	ı	0
Grouped equipment	600	600	248	248	248	248	248	1,840
Sub-Total Other Elements	(2,209)	(800)	(481)	(52)	248	374	394	(317)
Total Planned Expenditure	36,135	23,171	4,352	17,297	15,661	18,283	18,625	97,389
Less:Receipts for Asset Sales(sch. att.)	E	(208)	(157)	(5,105)	(6,700)	t	ı	(12,170)
Less:Overcommitment(assumedslippage)	0	•	(12)	ı	1	t	ı	(12)
Add: Overcommitment (shortfall prior year)	4	0	ı	12	r	ı	ŧ	12
Contingency/Balance Available	'		£	300	600	756	500	2,156
Total Planned Expenditure Net of Sales	36,147	22,963	4,183	12,504	9,561	19,039	19,125	87,375
DEFICIT / (SURPLUS)	0	0	0	0	0	0	0	0

NACH PROJECT - PROFILE OF NPD EXPENDITURE Contracting Consortium - Design / Build costs

5,584 17,240 20,416 7,713

50,953

Note - North Ayr Primany Care Neighbourhood Services project terminated following withdrawal by South Ayrshire Council.

(after reinstating £0.570m originally to be applied in favour of EACH Dental in 11/12) from Board funding, is to be applied in favour of planned Ayr Community Health / Out Patient £1.368m for Dental Improvements in the Ayr area (£2.220m less £0.8m applied for Dental Decontamination Grants and a £0.052m underspend in 10/11), along with £0.808m £1.310m PCCPMP funding from this project (£1.453m less £143k fees incurred), together with £2.220m for Ardrossan Resource Centre (being effected by 3rd party route), project to give a total allocation of £5.706m for the six main elements subject to individual business cases.

The assumed cost of £227k non value adding expenditure for the NHS Board share of reinstatement work has also been written off to revenue. Capital funding for these costs met out of the £2.530m PCCPMP allocation from SGHD leaving a balance of £1.5m from the PCCPMP allocation for other Dental Improvements in Cumnock & surrounding area and additional provision has been made for up to £150k value adding elements in the reinstatement work. The £570k internal funding transfer from the Ayr Community written off as abortive costs to revenue account after adjusting for £150k value adding costs for permanent work effected (car park, door widening and floor improvements). Note- Planned EACH Dental Variation aborted in August 2011. Capital costs totalling £794k (09/10 £203k, 10/11 £591k) incurred as Work In Progress (WIP) has been Health / Out Patient project in favour of the EACH Dental project as part of the £3.1m total allocation, has been returned to the Ayr project.

	L PROGRAMME
	M ASSET DISPOSAL
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	APITAL RECEIPTS FROM
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NHS AYRS	PROJECTED C
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	Prior Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
	09/10	10/11	11/12	12/13	13/14	14/15	15/16	
	Actual	Actual	Projected	Estimate	Estimate	Estimate	Estimate	
	£000	£000	£000	£000	£000	£000	£000	
Approved Disposals General								
Mossblown Clinic (*)	•	•	75	ı	t	τ	T	
Whitletts Clinic, Avr (*)	1	43	ı	ı	'	ı	ı	
Darvel Health Centre (*)	8	•	82	ı	1	ı	'	
Wallington Chambers Avr (*)	1	75	1	'	,	,	ı	
Monthum Road Olinic Laras (*)		2 9		E I			1	
Sub-Total		S C	157		c	C	C	
000-1-009	2	007	5	>	5	>	0	
Estate Rationalisation (NACH Business Case)								
Davidson Cottane Hosnital Girvan(*)				000				
Girvan Health Centre(")				20				
Former Patna (Clinic(*)				202				
Former Crossnouse Clinic(")				DC DC				
Former Seafield Hospital(*)					1,500			
Ayrshire Central Surplus Land(*)					5,000			
Former Holmhead Hospital(*)				800				
Westmount				375				
Nightingale House	t	t	ł	t	200	1	1	
Strathdoon Clinic	ı	١	I	600	ţ	1	ŧ	
Hartfield House				500				
Sub-Total	0	0	0	2,625	6700	0	0	
Other Proposed Estate Rationalisation(Ayr CH/OPD Business Case)								
Strathlea				006				
Heathfield Store				300				
Heathfield House				200				
Heathfield Clinic				500				
Miller Road Clinic, Ayr				500				
Boyd Street Clinic, Prestwick				80				
Sub-Total	0	0	0	2,480	0	Q	0	
GRAND TOTAL CAPITAL RECEIPTS	o	208	157	5,105	6,700	0	0	

GRAND TOTAL CAPITAL RECEIPTS * Approved For Disposal

Appendix 5D

District Valuer Letter

DVS Property Specialists

1 8 OCT 2009

DV Services Glasgow Office

Portcullis House 21 India Street Glasgow G2 4JJ

> Our Reference : 1060443/GS Your Reference :

Please ask for: G SpeersTel: 03000 502771Fax: 03000 502758E Mail: gerard.speers@voa.gsi.gov.uk

Date : 13 October 2010

Mr Stuart Sanderson Assistant Director of Finance-Planning & Efficiency NHS Ayrshire and Arran Crosshouse Hospital 1 Lister St Kilmarnock KA2 0BE

Dear Sir,

OUTLINE BUSINESS CASE NORTH AYRSHIRE COMMUNITY HOSPITAL, IRVINE

Regarding the OBC which is being prepared for the above project, I have been requested to comment on possible future impairment that may arise when the new asset is been valued after it has been completed.

As discussed, it is very difficult to predict cost indices so far into the future but it can be reasonably be expected that construction activity in the public sector will probably decline in the next few years due to spending cutbacks. However I would agree that depending on the severity of any downturn in cost indices in the years ahead due to this expected lower activity in public sector construction then the range of 3%-7% as an estimate for possible AME may be regarded as reasonable.

Yours faithfully

Gerard Speers MA MRICS District Valuer Services

Appendix 5E

Sensitivity Analysis using Treasury Model

NHS AYRSHIRE AND ARRAN

NACH - OPTION 2A - NPD Procurement Route - New Build and Refurb at Ayrshire Central / Refurb at Ailsa

SENSITIVITY ANALYSIS USING TREASURY MODEL

	Baseline			SENS	ITIV	ITIES		
			Variable RPI			Swap	Rate	Worst Case
	Refreshed OBC	5.00% RPI Sensitivity	3.00% RPI Sensitivity	2.00% RPI Sensitivity		+1%	-1%	+10% to Capital
NPD CAPEX Lifecycle Hard FM	£50,954,000 £415,700 £665,000	£50,954,000 £415,700 £665,000	£50,954,000 £415,700 £665,000	£50,954,000 £415,700 £665,000		£50,954,000 £415,700 £665,000	£50,954,000 £415,700 £665,000	£56,049,400 £457,270 £731,500
Swap Rate Bank Margin	3.75% 2.75%	3.75% 2.75%	3.75% 2.75%	3.75% 2.75%		4.75% 2.75%	2.75% 2.75%	3.75% 2.75%
RPI	2.50%	5.00%	3.00%	2.00%		2.50%	2.50%	2.50%
Unitary Charge per Treasury Model	£6,200,000	£6,100,000	£6,200,000	£6,200,000		£6,600,000	£5,800,000	£6,800,000
NHS Board Contribution 50% of Lifecycle 100% of Hard FM Sub-Total Board Contribution	£207,850 £665,000 £872,850	£207,850 £665,000 £872,850	£207,850 £665,000 £872,850	£207,850 £665,000 £872,850		£207,850 £665,000 £872,850	£207,850 £665,000 £872,850	£228,635 £731,500 £960,135
<u>SGHD Contribution</u> 50% Lifecyle 100% Unitary Charge	£207,850 £5,119,300	£207,850 £5,019,300	£207,850 £5,119,300	£207,850 £5,119,300		£207,850 £5,519,300	£207,850 £4,719,300	£228,635 £5,611,230
Sub-Total SGHD Contribution	£5,327,150	£5,227,150	£5,327,150	£5,327,150		£5,727,150	£4,927,150	£5,839,865
TOTAL Unitary Charge	£6,200,000	£6,100,000	£6,200,000	£6,200,000		£6,600,000	£5,800,000	 £6,800,000
NPV of the Unitary Charge over the duration of the project concession	£60,519,191	070 100 001	000 051 404	£58,351,523		007 714 040	£53,327,372	£66,211,519

Appendix 5F

Unitary Charge as per Treasury Model

AYRSHIRE AND ARRAN HEALTH BOARD

NACH - OPTION 2A - NPD Procurement Route - New Build and Refurb at Ayrshire Central / Refurb at Ailsa

UNITARY CHARGE AS PER TREASURY MODEL BASED ON £50.954M CAPITAL COST

							SE	NSITIVIT	IES			
							V	ARIABLE R	PI			
		Baseline			5%			3%			2%	
		Refreshed			RPI			RPI			RPI	
	000/	OBC		000/	Sensitivity			Sensitivity		000/	Sensitivity	
	30%	700/ Not		30%	700/ Not		30%	700/ Not		30%	700/ Not	
	Indexed	70% Not	TOTAL		70% Not	TOTAL	Indexed @3.0%	70% Not	τοται		70% Not	TOTAL
Veer	@2.5%	Indexed		@5.0%	Indexed		-	Indexed	TOTAL	@2.0%	Indexed	
Year	<u>3</u>	£	£	£	£	£	£	£	£	£	£	£
1	1,860,000	4 340 000	6,200,000	1 830 000	4,270,000	6 100 000	1 860 000	4 340 000	6 200 000	1 860 000	4 340 000	6,200,000
2	1,906,500		6,246,500		4,270,000							6,237,200
3	1,954,163		6,294,163		4,270,000				6,313,274			
4	2,003,017		6,343,017		4,270,000				6,372,472			
5	2,053,092		6,393,092		4,270,000				6,433,446			
6	2,104,419		6,444,419		4,270,000							6,393,590
7	2,157,030		6,497,030		4,270,000							6,434,662
8	2,210,956	4,340,000	6,550,956	2,574,994	4,270,000	6,844,994	2,287,565	4,340,000	6,627,565	2,136,555	4,340,000	6,476,555
9	2,266,229	4,340,000	6,606,229	2,703,743	4,270,000	6,973,743	2,356,192	4,340,000	6,696,192	2,179,286	4,340,000	6,519,286
10	2,322,885	4,340,000	6,662,885	2,838,931	4,270,000	7,108,931	2,426,878	4,340,000	6,766,878	2,222,872	4,340,000	6,562,872
11	2,380,957	4,340,000	6,720,957	2,980,877	4,270,000							6,607,330
12	2,440,481		6,780,481		4,270,000							6,652,676
13	2,501,493		6,841,493		4,270,000							6,698,930
14	2,564,031		6,904,031		4,270,000							6,746,108
15	2,628,131		6,968,131		4,270,000							6,794,230
16	2,693,835		7,033,835		4,270,000							6,843,315
17	2,761,180	, ,	7,101,180	, ,	4,270,000				7,324,754			
18	2,830,210		7,170,210		4,270,000							6,944,449
19	2,900,965		7,240,965		4,270,000							6,996,538
20	2,973,489		7,313,489		4,270,000							7,049,669
21	3,047,827		7,387,827		4,270,000							7,103,862
22	3,124,022		7,464,022		4,270,000							7,159,139
23 24	3,202,123		7,542,123		4,270,000							7,215,522
24 25	3,282,176		7,622,176		4,270,000							7,273,033
20	3,364,230	4,340,000	7,704,230	5,901,933	4,270,000	10,171,933	3,780,997	4,340,000	0,120,997	2,991,693	4,340,000	7,331,693

AYRSHIRE AND ARRAN HEALTH BOARD

NACH - OPTION 2A - NPD Procurement Route - New Build and Refurb at Ayrshire Central / Refurb at Ailsa

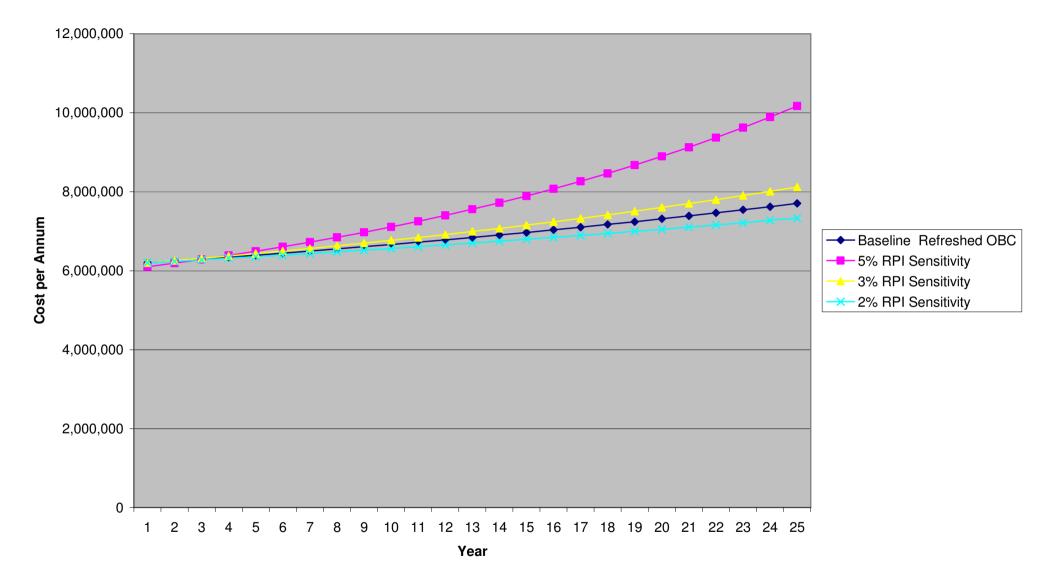
UNITARY CHARGE AS PER TREASURY MODEL BASED ON £50.954M CAPITAL COST (CONT'D)

				SE	NSITIVIT	ES			
			Swap	Rate			· · · · ·	Worst Case)
		Swap Rate			Swap Rate			+10% to	
		+1%			-1%			Capital	
								Cost	
	30%			30%			30%		
	Indexed	70% Not		Indexed	70% Not		Indexed	70% Not	
	@2.5%	Indexed	TOTAL	@2.5%	Indexed	TOTAL	@2.5%	Indexed	TOTAL
Year	£	£	£	£	£	£	£	£	£
	1 000 000	4 000 000	0 000 000	1 740 000	4 000 000	F 000 000	0.040.000	4 700 000	C 000 000
1	1,980,000 2,029,500	, ,		1,740,000			2,040,000 2,091,000		, ,
2 3	2,029,500 2,080,238			1,783,500 1,828,088			2,091,000	4,760,000	
3 4	2,080,238				4,060,000		2,143,275	4,760,000	
5	2,132,243						2,190,857	4,760,000	
6	2,185,550			1,920,634			2,231,778	4,760,000	
7	2,240,188			2,017,867	4,060,000		2,308,073	4,760,000	
8	2,290,193			2,017,807			2,303,773	4,760,000	
9	2,353,598			2,000,313	4,060,000		2,424,919	4,760,000	
10	2,472,749			2,120,021			2,403,342		
11	2,534,567	4,620,000		2,227,347	4,060,000		2,611,372	4,760,000	
12	2,597,932	4,620,000		2,283,031	4,060,000		2,676,657	4,760,000	
13	2,662,880	4,620,000		2,340,107	4,060,000		2,743,573	4,760,000	
14	2,729,452	4,620,000	7,349,452		4,060,000		2,812,163	4,760,000	
15	2,797,688	4,620,000		2,458,574	4,060,000		2,882,467	4,760,000	
16	2,867,630	4,620,000	7,487,630		4,060,000		2,954,528	4,760,000	
17	2,939,321	4,620,000	7,559,321	2,583,040			3,028,391	4,760,000	
18	3,012,804	4,620,000	7,632,804		4,060,000		3,104,101	4,760,000	
19	3,088,124	4,620,000	7,708,124				3,181,704	4,760,000	
20	3,165,327	4,620,000	7,785,327	2,781,651	4,060,000		3,261,246	4,760,000	
21	3,244,461	4,620,000	7,864,461	2,851,193	4,060,000	6,911,193	3,342,778	4,760,000	8,102,778
22	3,325,572	4,620,000	7,945,572			6,982,472	3,426,347	4,760,000	
23	3,408,711	4,620,000	8,028,711				3,512,006	4,760,000	
24	3,493,929	4,620,000	8,113,929	3,070,423	4,060,000	7,130,423	3,599,806	4,760,000	
25	3,581,277	4,620,000	8,201,277	3,147,183	4,060,000	7,207,183	3,689,801	4,760,000	

Appendix 5G

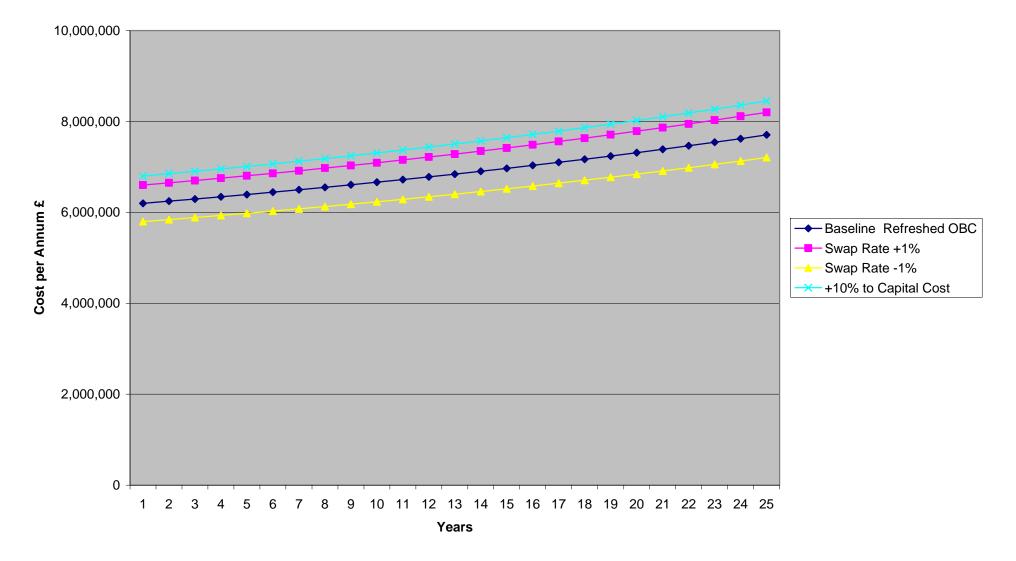
RPI Sensitivity Analysis v Baseline Refreshed OBC

RPI Sensitivity Analysis v Baseline Refreshed OBC



Appendix 5H

Swap Rate/Worst Case Sensitivity Analysis v Baseline Refreshed OBC



Swap Rate/Worst Case Sensitivity Analysis v Baseline Refreshed OBC